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ABSTRACT

This annual report of the Carnegie Foundation is dedicated to the work of Ernest L. Boyer, former President of the Foundation. It includes a detailed summary of Boyer's accomplishments as a leader in American education and his specific accomplishments as President of the Carnegie Foundation. A bibliography of books written by Ernest L. Boyer is included as is a list of books published or undertaken by the Carnegie Foundation during his presidency (1981-1997). The Foundation's annual report contains tabular financial reports including: 10-year record of investments, expenditures in retirement allowances and widows' pensions, the auditor's report with statement of financial position, statement of activities, statements of cash flows, schedule of functional expenses, schedule of educational and research expenditures, and schedule of investments (broken down into common stock, fixed income, and short-term investments). Other Carnegie philanthropies are briefly described including the Carnegie Institution of Washington and the public library buildings donated by Andrew Carnegie. (JLS)

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The Carnegie Foundation for the Advancement of Teaching
was founded by Andrew Carnegie in 1905
and chartered by Congress in 1906.
Originally concerned with pensions and pension systems
for college and university teachers, the Foundation now
sponsors extensive research on education.
As an independent policy center, it conducts studies devoted
to strengthening American education at all levels.

THE CARNEGIE FOUNDATION
FOR THE ADVANCEMENT OF TEACHING

Ninety-First
Annual Report

5 Ivy Lane
Princeton, New Jersey 08540

June 30, 1996

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as of June 30, 1996

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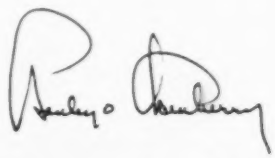
THE 1996 ANNUAL REPORT MARKS the end of an era for the Carnegie Foundation. The passing of Ernest Boyer in December of 1995 brought to a close fifteen years of his leadership of the Foundation. In recognition of those years of dedicated service, the Board of Trustees honors Ernie Boyer in this annual report. In place of the President's Report that customarily appears here, there is a tribute to his life and work.

The Foundation has been focused this year on completing the work Ernie began, as well as searching for a new president. Charles Glassick was charged with the responsibility of guiding the Foundation through this transition and finishing the work in a way that would reflect Ernie Boyer's vision.

During his fifteen years of leadership, Ernest Boyer guided the Foundation into important areas of study beyond its traditional focus on higher education. He leaves a rich legacy and an enduring imprint.



STANLEY IKENBERRY
Chairperson, Board of Trustees

ERNEST L. BOYER

A Leader of Educators, an Educator of Leaders

1928–1995

IN EVERY GENERATION there are those whose lives open paths in new directions, transform the landscape, and extend our vision. Ernest L. Boyer, the seventh president of The Carnegie Foundation for the Advancement of Teaching, was such a person. He was a leader of educators and an educator of leaders.

This is the last annual report covering the Boyer era of the Foundation, and we want to take this opportunity to remember both the man and his message. His life left an indelible mark on all of us who worked with him, and in passing from us last winter, he left an extraordinary legacy for the Foundation and for all who are concerned about education—the children and teachers, students and faculty, college administrators and staff, those engaged in public policy and the public engaged in educating their children, in this country and around the world.

Over a remarkable career that spanned four decades, Ernest L. Boyer proved himself to be one of the most articulate and well-reasoned voices in the history of American education. When he died at age sixty-seven, the loss was felt in the White House and the halls of Congress, in state houses and the most remote of school houses. President Bill Clinton and First Lady Hillary Rodham Clinton described Ernest Boyer as "one of the finest people we've known, not to mention one of our nation's most dedicated and influential education reformers." Former U.S. Senator Paul Simon called him "a man of backbone, vision, and an understanding of humanity that combined to make him superbly effective. . . . He enriched our nation in ways that cannot be counted. . . . He was a gentleman, a scholar, a dreamer and a doer." Senator Mark O. Hatfield said, "His leadership and vision helped to shape education in this country today and for future generations to come." And Alicia Thomas, a principal in San Antonio, Texas, said, "His life was very rich. He gave of himself, and in doing so earned the respect and love of all—family, friends, colleagues, and most especially teachers."

ERNEST LEROY BOYER WAS BORN in Dayton, Ohio, in 1928, the second of three sons, the grandson of a minister, the son of a Dayton businessman. As a child, he possessed what his younger brother described as "a boundless enthusiasm for life." Paul S. Boyer said that he witnessed Ernie's good humor, his ability to resolve conflict and tensions with a joke, and "to invest any occasion with a little edge of excitement." Ernie made all feel at home, said Paul, now a historian at the University of Wisconsin–Madison, with his "infectious smile . . . his genuine warmth, his capacity for friendship, the strength of his love for family."

Ernest Boyer himself often described his childhood as stimulating, with friends and softball and creative play. He spent his early years in the public schools of Dayton, where he learned a love of language, including what he always liked to call the languages of music and the arts. He then traveled to Messiah College in Grantham, Pennsylvania, to begin a life of study and service.

At the small but spirited college, Boyer continued to develop the intellectual enthusiasm and moral grounding that would later inspire his campaigns on behalf of education and school reform. He solidified his commitment to good works and helping others, and believed such a commitment was a crucial ingredient of education at every level. At Messiah, he also met his future wife and the mother of his four children, Kathryn Garis Tyson. And in subsequent years, he would return to Messiah to serve as chairman and as a member of its board of trustees.

After two years at Messiah, Boyer earned a bachelor of arts degree at Greenville College in Illinois. It was there, as a star of the college debating team, that he honed his verbal skills. He learned to create clear, concise language with clever juxtaposition of phrases, a skill which later became his trademark.

In 1950, he began graduate studies at Ohio State University, then moved west to the University of Southern California, where he earned the master of arts and doctor of philosophy degrees in 1956. Boyer served a post-doctoral fellowship in medical audiology at the University of Iowa Hospital, and later continued his formal studies as a Distinguished Fulbright Scholar in India and Chile and as a Visiting Fellow at Cambridge University.

ERNEST BOYER BEGAN HIS TEACHING and administrative career at Loyola University in Los Angeles and then at Upland College, where he became a professor of speech pathology and audiology, and academic dean. At Upland, he demon-

strated what would become the hallmark of his work in education—a way of thinking that was at once bold and practical, innovative and sensible. He introduced, for example, a January term for an in-depth, all-college study of a single theme. The goal was to integrate all the disciplines and create community. The program became a model for other colleges during the next decade.

In 1960, wanting to make a broader impact on education, Boyer became director of the Western College Association's Commission to Improve the Education of Teachers. Two years later, his work led to his appointment at the University of California at Santa Barbara, as director of the Center for Coordinated Education. Both positions involved finding creative solutions to educational problems. It was this problem-solving gift that would distinguish Carnegie Foundation policy reports more than twenty years later.

By 1965, Boyer was known as a gifted speaker and an exuberant education leader, and he joined the mammoth State University of New York System, based in Albany, as its first executive dean. Three years later he was named vice president. He became known for managing large staff meetings and summarizing complex discussions. His work was so impressive that two years later, at the age of only 42, he was appointed chancellor of the SUNY system with its 64 institutions, 350,000 students, and 15,000 faculty members.

It was as SUNY chancellor that Boyer went about the arduous task of expanding and developing a complex state network of colleges and universities during exciting and trying times for higher education.

Chancellor Boyer launched the innovative and influential Empire State College in Saratoga Springs, an experimental and highly successful prototype for adult education that was imitated across the nation in the years that followed, as millions of adults returned to college for retraining and lifelong learning in a new economic age. In 1996, as Empire State College celebrated its twenty-fifth anniversary, it boasted 28,000 graduates.

Chancellor Boyer called for higher academic standards throughout the SUNY system and established an intensive, three-year bachelor of arts program to challenge the brightest students in the system and allow them to advance more quickly into graduate study.

To signal the importance of teaching as the critical art of higher education, even in a giant research institution, Boyer initiated a new rank of "Distinguished Teaching Professor." The post celebrated the achievements of great instruction

and a commitment to student learning. He also started the nation's first undergraduate student exchange program with the Soviet Union, and later sponsored, and traveled with, the SUNY theater group that performed in Moscow and St. Petersburg.

In his seven years as the chancellor of the state university system, under then Governor Nelson Rockefeller, Ernest Boyer also learned astute political skills. He became an adept performer in the state political arena, testifying before the state legislature in Albany, working the bureaucracy. And as the youngest and arguably the most dynamic chancellor in the nation, with experience in the country's largest postsecondary educational system, Chancellor Boyer was naturally looked to as a national spokesman on the emerging challenges of higher education. He became a source for new ideas and innovative plans to serve America's students. Beginning in 1974, he also worked diligently as a three-year member of the board of directors of the American Council on Education.

"Without doubt, Ernie Boyer has been the towering intellectual giant of American education over the last quarter of a century," Robert H. Atwell, former president of the American Council for Education, said recently. "His influence on every aspect of the nation's schools and colleges has been extensive and profound."

His counsel was likewise sought by those across a wide political spectrum. Presidents Richard M. Nixon, Gerald R. Ford, and Jimmy Carter all appointed him to serve on their national education commissions.

Newly elected President Carter looked to Ernest Boyer to become his U.S. Commissioner of Education, a post in which Boyer served until 1979. In that post, Boyer passionately articulated the need for policies to give children who needed it a helping hand. He called for greater access, equity for all students, and excellence in all the nations' public schools.

Commissioner Boyer was concerned about all students, President Carter recalled, noting, "He feared that too many young people felt unwanted, unneeded, and unconnected to the larger world. He argued that American schools must be places that help students understand the meaning of their lives and connect them to their community." Commissioner Boyer, President Carter said, "not only advocated community service projects for students, but he also advocated an increased dedication to public service by university faculty. Scholarship, in his opinion, must include application of knowledge, as well as research, teaching, and integration of knowledge."

To increase efficiency and service to students, Boyer, as commissioner, cut red tape in the colossal federal education agency and reduced the number of forms schools and colleges had to fill out to receive grants. He went after student loan defaulters so more money would be available to students in need. He also argued for a reduction in bureaucratic jargon, and he became known for turning bureaucratic doublespeak into clear prose. He convened forums to get divergent groups talking again about how to improve schools and enhance learning. He even offered a course, and then taught it once a week, on communication skills, and established an internal Horace Mann Center for the ongoing education of federal education bureaucrats.

"We sought to give all Americans the opportunity to achieve a good education," President Carter said recently about their time working together. "I am proud that we more than doubled federal support for schools, providing special funds to districts with large numbers of disadvantaged students, and making available grants and loans that made it possible for every qualified student to have an opportunity to attend college."

The former president noted that Commissioner Boyer "won the respect of people at every level of education, from preschool to graduate school. Teachers, students, administrators, and parents all learned that he understood and sympathized with their hopes and needs. He earned their trust, and believed that it was essential for the educational system as a whole to regain the trust of the American people."

Boyer was the last commissioner of education in the old U.S. Department of Health, Education and Welfare before the agency was divided and his post was elevated to presidential cabinet rank in 1979.

"Ernie Boyer was a wise man," declared President Carter. "I will always be grateful for his extraordinary contributions during my administration and for having his wise counsel. He has set an example of leadership that I trust will be emulated by future generations of educators."

In 1979, Ernest Boyer became the president of The Carnegie Foundation for the Advancement of Teaching. He established a home for the Foundation at 5 Ivy Lane, in Princeton, New Jersey, but he maintained an office in Washington, D.C., to keep a hand on the pulse of the policy developed in the nation's capital. He launched his own research agenda, which ultimately led to a comprehensive

examination of education in the United States and abroad from preschool through college. His work yielded groundbreaking studies that over time affected every level of schooling in America.

During Boyer's tenure, the Foundation issued reports on a wide variety of topics, including the condition of teaching, school reform, and faculty and campus life both in the United States and internationally. Many of the reports were translated into other languages, including Japanese, Spanish, and Chinese.

Boyer also represented The Carnegie Foundation on the boards of numerous educational institutions, including American College Testing, the Aspen Institute, Smithsonian Museum of the American Indian, and the Council on Economic Development. Building on his lifelong commitment to the arts, he became a trustee of the Saratoga Performing Arts Center as well as chairman of the board of directors of Very Special Arts. He also chaired the board of directors of the Lincoln Center Institute for the Arts in Education and served on the board of the Kennedy Center for the Performing Arts.

Boyer was also a sought-after speaker, an international as well as a national advocate for children and teachers. He moved audiences with eloquent speeches he delivered from coast to coast and around the world. He was "an evangelist of education," said Mr. Atwell. Boyer "never tired of carrying his message of the importance of education, and of its improvement, to any audience, at any time, in any place."

Mr. Atwell added that his work at The Carnegie Foundation was "seminal." "Millions of students have benefited from his vision."

ERNEST BOYER WAS A TRUE "WORDSMITH." He revered both the oral and written language and, through the words he spoke and wrote, he clarified his ideas and transmitted them to as many people as he could. He significantly shaped the policy debates of his time, largely by finding the common ground and making new connections—between people, between institutions, between political ideologies, between countries.

The first Carnegie report published during his tenure was an essay he wrote with Arthur Levine in 1981 called *A Quest for Common Learning: The Aims of General Education*. The essay proposed that general education at the college level become more integrated, stressing "those experiences, relationships, and ethical concerns that are common to all of us simply by virtue of our membership

in the human family at a particular moment in history." This call for greater integrations and connections between the disciplines was to be a recurring theme in his other reports through the years.

In 1983, Boyer's first comprehensive study at The Carnegie Foundation, *High School: A Report on Secondary Education in America*, was published by Harper & Row and was praised nationally as a landmark analysis of the disturbing academic practices in the nation's public high schools. It helped shape the debate of the emerging school reform movement not just by earmarking the problems, but also by making specific recommendations for improvement. Boyer knew that by stressing excellence for all students, by raising expectation and graduation requirements, by making teacher training more rigorous, and by lengthening and restructuring the school day, we could save our public high schools and create a more meaningful learning experience for our students.

Ernest Boyer found the good with the bad in high schools, and his words echo today: "Our schools have adjusted successfully to a host of new demands. They now serve more students from different racial, cultural, and social backgrounds. They have responded to enrollment declines and budget cuts. Experimental programs, such as magnet schools, have been introduced, and public schools are now educating vast numbers of handicapped students who previously were locked out. There remains, however, a large, even alarming gap between school achievement and the task to be accomplished."

Boyer insisted that "high school" should stand for something, that our schools should cease giving credit for mall-style electives or "business math," that they should establish a solid core curriculum of four years of English, with a greater emphasis on writing, two years of algebra, and history in place of "social studies," and that they should toughen standards. He argued that students needed smaller schools because "too often when students 'drop out,' no one noticed that they had, in fact, 'dropped in.'"

He carefully and persuasively explained to the nation that education requires sustained attention to the individual child and adolescent, and maintained that society has a moral obligation to make sure every student gets that kind of attention. With assistance from the Atlantic Richfield Corporation, The Carnegie Foundation then funded 225 high school projects across the nation to stimulate real school reform.

In his next study, *College: The Undergraduate Experience in America*,

published in 1987 by Harper & Row, Ernest Boyer again put one of the nation's institutions under his critical yet caring gaze. He found far too many college students shortchanged by the faculty's obligation to conduct research over teaching. He contended that the nation must put more resources into undergraduate education, expand orientation and faculty mentoring for new students, and create community service programs for students. *The Christian Science Monitor* called it "the most thorough look at undergraduate colleges ever taken."

In the report, Boyer pointed out: "The undergraduate experience, at its best, also means encouraging students to be active rather than passive learners. In measuring the quality of a college one should ask if the institution has a climate that encourages independent, self-directed study. Is priority given to the required lower-division classes? Is teaching more than lecturing? Do general education courses have small discussion sessions in which students work together on group assignments? Are undergraduate courses taught by the most respected and gifted teachers on campus? Because much learning occurs outside the classroom, it is important to know how accessible faculty are to their students, through office hours, to be sure, but also elsewhere on the campus."

Boyer also connected the world of learning in the classroom to the world outside. In both *High School* and *College*, he argued that students needed to be engaged in community service. This idea was promulgated throughout schools and communities and in some states such as Maryland, legislation was introduced to promote student service.

In its 1990 "The Best of America" citations, *U.S. News & World Report* gave Ernest Boyer its "Excellence Award in Education," calling him "a major force in education reform." The magazine explained that "his reports *High School* and *College* have helped to bring back the core curriculum, upgrade the teaching profession, and reinforce the importance of schools as seedbeds of democratic ideals. These are among the reasons more than 400 education experts we surveyed singled out Boyer for excellence."

ERNEST BOYER CONTINUED to look for ways institutions of higher learning could strengthen the spirit of community. In 1990, The Carnegie Foundation released *Campus Life: In Search of Community*. Realizing that every student comes to college with his or her own special skills and interests, Boyer saw that the old ideal of a special campus community was disappearing. But, the report argued, "if a

balance can be struck between individual interests and shared concerns, a strong learning community will result. We believe the six principles highlighted in this report—purposefulness, openness, justice, discipline, caring, and celebration—can form the foundation on which a vital community of learning can be built. Now, more than ever, colleges and universities should be guided by a larger vision."

Boyer's dedication to improving postsecondary institutions was again called into play as he examined the subject further in the groundbreaking 1990 study, *Scholarship Reconsidered: Priorities of the Professoriate*, published by The Carnegie Foundation. In it, Boyer wrote: "At the very heart of the current debate [about higher education]—the single concern around which all others pivot—is the issue of faculty time. What's really being called into question is the reward system and the key issue is this: what activities of the professoriate are most highly prized? After all, it's futile to talk about improving the quality of teaching if, in the end, faculties are not given recognition for the time they spend with students.

"In the current climate, students all too often are the losers," he added. "Today, undergraduates are aggressively recruited. In the glossy brochures, they're assured that teaching is important, that a spirit of community pervades the campus, and that general education is the core of the undergraduate experience. But the reality is that, on far too many campuses, teaching is not well rewarded, and faculty who spend too much time counseling and advising students may diminish their prospects for tenure and promotion."

This highly influential study sparked debate in faculty and administrative circles on campuses nationwide. Campuswide seminars were organized around the topic. The report became a Carnegie Foundation bestseller and continues to shape the debate about the meaning of scholarship.

BUT SOMETHING ELSE had been on Ernie Boyer's mind for a long time. "Education is a seamless web," he liked to say. "One level of learning relates to every other." For years he had argued that the most promising prospects for true education reform lie in the first years of life and of learning. "What we urgently need is a plan of action," he frequently said in challenging the nation. "If little children do not have a good beginning, it's almost impossible to compensate later on."

Under President Bush, Boyer had been appointed to the National Education Goals Panel established to examine how to reach the nation's six education goals

outlined at the historic 1989 Education Summit in Charlottesville, Virginia, which he'd also attended as a participant. Boyer was named Chair of the Advisory Panel on School Readiness. By 1991 he had his own answer for the country on how it could reach the first national education goal that all children would come to school "ready to learn" by the year 2000. His report, *Ready to Learn: A Mandate for the Nation*, published by The Carnegie Foundation, called for ensuring that all children have a healthy start, empowered parents, quality preschool, a responsive workplace for parents, television as a teacher, neighborhoods for learning, and connections across the generations, "all of the forces that have such a profound impact on children's lives and shape their readiness to learn." This, he said, is, without question, the right of every child.

Ready to Learn also called for the initiation of programs to educate parents of preschool children in every state; the guarantee of a Head Start preschool experience for all low-income children in the nation; the creation of preschool learning and health centers in poor neighborhoods; television networks that would set time aside each week for quality preschool educational programming; the neighborhood as a place for learning for young people; and connecting the generations to teach and rejuvenate each other.

Dr. Boyer found it a national disgrace that nearly one quarter of the nation's children, surrounded by billions of dollars in investments, still grow up in poverty, and warned that the nation would reap what it sows if it does not respond to the *Ready to Learn* agenda.

"If Ernie had his way," said Senator Edward M. Kennedy, "every child would have a good breakfast and a warm hand to hold on their way to school in the morning."

The Carnegie Foundation study led directly to Senator Kennedy's own "Ready to Learn" legislation seeking to reach this first national education goal. It also sparked new television programming with the Learning Channel's "Ready, Set, Learn" and the Ready to Learn Act of 1994 (Public Law 102-545), landmark legislation that provided new television programming for the preschool age set. And this year, as a result of the report and the subsequent initiatives by public television to implement Ready to Learn television programming, the Corporation for Public Broadcasting, in conjunction with the National Council for Accreditation of Teacher Education, sponsored the first of a series of Ernest L. Boyer Technology Summits for Educators around the country.

"More than anyone of his time," said Senator Kennedy, "he taught us that it is children, not just the schools, that should be the focus of our concern; that education is a community-wide effort which begins with the birth of a child; that supporting education is, more than any other challenge, not an expenditure but an investment; and that failure to act now will surely later mean higher costs, wasted lives, promises unfulfilled."

FOUR YEARS AFTER THE PUBLICATION of *Ready to Learn*, Ernest Boyer released another call to the nation to focus attention on the early years. *The Basic School: A Community for Learning*, published by The Carnegie Foundation in 1995, set forth another bold plan, this time to reinvigorate learning in the first years of formal schooling. It called for treating the school as a community with a shared vision, teachers as leaders, and parents as partners; a curriculum with coherence that incorporated eight "core commonalities," and new means for measuring progress; a climate for learning with varied patterns of grouping children, resources to enrich learning, and essential services for children and their families. Finally, he called for a renewal of a commitment to character, one that teaches core virtues and living with purpose.

In this report, as in others, he championed the arts, here arguing that the arts were frequently the first language of a child. In fact, so impassioned were his pleas over the years for a greater emphasis on the arts in schools, he was regarded by those in arts circles—from Jacques D'Amboise to Beverly Sills to Jane Alexander at the National Endowment for the Arts—as the most powerful voice on the arts in education.

As a result of The Carnegie Foundation research on the elementary years, Boyer decided to translate his thoughts about primary education into action and stimulate real change in schools by founding The Basic School Network, a pilot program comprising sixteen public and private elementary schools, organized in partnership with the National Association of Elementary School Principals and with funding from the Ewing Marion Kauffman Foundation. The Network, initiated in 1994 with a three-year commitment by the Foundation, has worked with school personnel on all of the components of the Basic School, including new ways to create a curriculum, stress language (which he always saw as including the "languages" of the arts and mathematics), rethink the use of technology, emphasize character building, and involve parents in their schools.

In commenting about the sweep of his work, Samuel G. Sava, executive director of the National Association of Elementary School Principals and partner in the Basic School Network, said that Ernest Boyer "was the foremost educator of our time."

In the preface to *The Basic School*, Boyer wrote: "As I think about this long journey, I am greatly encouraged by the vitality of the elementary school, by the dedication of principals and teachers, and most especially by their willingness to change. It seems clear to me that the elementary school is the most flexible level of formal learning, a place where the focus is on children, not on "the system" or promoting one's career. It was a first-grade teacher in Dayton, Ohio, who sparked my own love affair with language, and it is my deepest hope that *The Basic School* will be of help to the dedicated elementary principals and teachers who each day serve so selflessly our nation's children."

Under President Ronald Reagan, Secretary of State George P. Schultz appointed Boyer chair of the U. S. Department of State's Overseas Schools Advisory Council. Boyer then extended his work from Kuala Lumpur to Athens, from London to the Far East, and also to Australia, Europe, and West Africa. In October 1996, the Association of American Schools of Central America, Columbia-Caribbean, and Mexico, on behalf of the U.S. Department of State, presented The Paul G. Orr Award to The Carnegie Foundation for Dr. Ernest L. Boyer's "distinguished educational leadership for American schools around the world."

The citation read: "Service was Dr. Boyer's creed as he tirelessly crisscrossed the nation and the world on behalf of improving education for all. He saw learning in its largest context, not simply to train students for the job market, but for preparing coming generations for civic responsibility to ensure that democracy is well-served. In our generation, indeed in this century, few, if any, educators have stood taller than Dr. Ernest L. Boyer. We reflect on his stunning legacy to the nation and the world."

Another of Ernest Boyer's international achievements was a partnership with the National Center for Education Development Research in Beijing. This nearly ten-year collaboration resulted in exchanges between the People's Republic of China and the United States that included educators and policy experts at the highest level.

Boyer's influence was such that 165 colleges and universities awarded him honorary degrees, including the University of Beijing, posthumously in April 1996. (He was reputedly the recipient of more honorary degrees than anyone in U.S. history.) His voice was also heard through his columns for the education supplements of *The Times of London* and *Change* magazine. And he served as a senior fellow at the Woodrow Wilson School of Public and International Affairs at Princeton University, where he taught five policy courses from 1985 to 1990. In 1993, he also advised Princeton University in drafting its Strategic Planning Report.

Boyer received many awards during his tenure as Foundation president, including the Distinguished Service Medal, Teachers College, Columbia University; the Horatio Alger Award; the Encyclopedia Britannica *Achievement in Life* Award; the President's Medal, Tel Aviv University; and the James B. Conant Award for Leadership in Education. In 1993, he was elected a Fellow in the American Academy of Arts and Sciences. And in 1995, he received the Charles Frankel Prize in the Humanities, a presidential citation, from President Clinton, who declared that the Carnegie Foundation president was a "powerful voice, nationally and internationally, for excellence in teaching and for student service."

Also in 1995, Boyer was awarded The Harold W. McGraw, Jr., Prize in Education, which recognizes individuals who have made significant contributions to the advancement of knowledge through education.

IN THE END, ERNEST BOYER was dedicated to a few basic tenets, among them, the belief that all children could learn and all children could succeed, regardless of their backgrounds. Whatever the level of schooling, Boyer fully recognized that "schools cannot do the job alone. You cannot have an island of excellence in a sea of indifference."

He argued that a "commitment to education will help all students to be involved in the civic future of the nation—to vote in elections, to serve on juries, to be concerned about the health of their communities—to ensure that democracy will, with vitality, succeed."

A believer in the American Dream, he was a man of strong convictions. "Dreams can be fulfilled only when they've been defined," he would say. And in countless speeches he would assert that "the tragedy is not death. The tragedy is to die with commitments undefined, convictions undeclared, and service unfulfilled."

Ernest Boyer espoused a love of children and teachers and constantly reminded the long string of reporters always soliciting his comments and advice to keep in mind that educational institutions are about people, and that the promise of public education is to fulfill the American promise. "It is wrong to make promises to children and then walk away," he would say.

U.S. Secretary of Education Richard Riley has said: "Ernie was in many ways education's best friend. Education's own Mr. Fix-it. . . . His prolific body of writings will endure as a legacy of his passion for and commitment to teaching and learning."

In his eulogy for Boyer, Robert Hochstein, a close colleague and longtime assistant at HEW and later at The Carnegie Foundation, noted how Boyer was intensely concerned about the appropriate settings for meetings. To this end, he would often fret about the spatial arrangements in a room, and then move the seating accordingly. It was a physical act, curious to some, yet it was symbolic of his ability to rearrange ideas, as well as people's thinking. The room arrangements functioned as his way of providing intimacy for discourse, Mr. Hochstein noted, to get people out of preconceived, fixed notions. To think anew. His books, reports, policy papers, and speeches all had a similar purpose.

Hochstein said, "Ernie was a practical visionary. He advised governors, presidents, and world leaders on the issues and particularly the details of education, and in my view was the most influential educator in America in this century. Of course, it was a privilege, an honor, to work by his side."

DR. BOYER PASSED AWAY on December 8, 1995. During his valiant three-year struggle with cancer, he never stopped working. He took telephone calls the day before he died. Despite his pain, he told his brother Paul, "he felt more intellectually alive and productive than he had for a long time." Indeed, Boyer always had a "zest for life," Paul Boyer added, "and the courage and spirit he displayed in the last few weeks will always remain an inspiration."

Ernest Boyer's life work was dedicated to the American ideals of public education. When he died, President and Mrs. Clinton expressed the sentiments of the many thousands he had reached: "This nation has lost one of its most dedicated and influential education reformers. Ernest Boyer was a distinguished scholar and educator whose work will help students well into the next century. . . . The greatest tribute that we can pay him is to carry on the work to which he

devoted his life: to bring down the barriers that prevent our young people from succeeding and to ensure that each of our citizens has an equal share of the American Dream."

It was while working on *The Basic School*, which he regarded as the capstone of his work, near what would be the end of his life, that Ernest Boyer discovered a quote from the Jewish leader Abraham Joshua Heschel that so well expressed his own feelings that he used it to conclude his book. Heschel, when asked what message he had for young people, replied: "I would say, 'Let them remember that there is a meaning beyond absurdity. Let them be sure that every little deed counts, that every word has power, and that we can—every one—do our share to redeem the world in spite of all absurdities and all frustrations and all disappointments. And above all, remember that the meaning of life is to build a life as if it were a work of art.'"[1]

Ernest L. Boyer lived by this philosophy, and his life will live on in our memories as an inspiring work of art.

[1] Robert K. Greenleaf, *Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness* (New York: Paulist Press, 1976), 250.

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REPORT OF THE SECRETARY

THE ANNUAL MEETING of The Carnegie Foundation for the Advancement of Teaching was held on November 21, 1995, at 5 Ivy Lane, Princeton, New Jersey.

Mr. Russell Edgerton, Mr. Charles Glassick, and Mr. William Kolberg completed their first four-year terms and were all unanimously elected to serve a second four-year term ending at the close of the annual meeting in 1999. Mr. Robert O'Neil, Mr. Norman Francis, and Mr. Daniel Yankelovich completed their second four-year terms and were not eligible for reelection. Mr. David W. Hornbeck, superintendent of schools, School District of Philadelphia; Ms. Carolynn Reid-Wallace, senior vice president–education, Corporation for Public Broadcasting; and the Honorable Paul Simon, United States Senate, were elected to the board of trustees and assumed office at the close of the November meeting, each for a (first) four-year term ending after the annual meeting in 1999. One vacancy on the board was not filled.

Mr. Stanley Ikenberry completed the first year of his two-year term as chairperson and Mr. Charles Glassick completed the first year of his two-year term as vice chairperson at the close of the annual meeting. Both were elected to serve in their respective posts for one more year, ending at the close of the annual meeting in 1996. Ms. Martha Church served in the office of past-chairperson during the past year and will complete her two-year term in that office at the end of the annual meeting in 1996.

An amendment limiting the term of office for members of the Finance and Administration Committee was proposed. No action was taken and further recommendations related to this committee will be presented in 1996.

Mr. Russell Edgerton, president, American Association for Higher Education; Ms. Shirley Strum Kenny, president, State University of New York at Stony

Brook; Mr. William Kolberg, president, National Alliance of Business; and Mr. Robert O'Neil, director, The Thomas Jefferson Center for the Protection of Free Expression, served on the Finance and Administration Committee. The president, chairperson, vice chairperson, and past chairperson sit as *ex-officio* members of the committee. Mr. Russell Edgerton, Ms. Shirley Kenny, and Mr. William Kolberg were elected to serve on the committee until the close of the annual meeting in 1996.

Mr. Ernest L. Boyer, president, The Carnegie Foundation for the Advancement of Teaching, died on December 8, 1995. Mr. Boyer provided outstanding leadership as president of the Foundation from 1979 until the time of his death. Mr. Charles E. Glassick was appointed interim president of The Carnegie Foundation.

The spring meeting of the board was held on April 15–16, 1996, in Princeton, New Jersey.

Louise P. Underwood

LOUISE P. UNDERWOOD
Secretary

REPORT OF THE TREASURER

ON JUNE 30, 1996, the assets of The Carnegie Foundation for the Advancement of Teaching were:

	Market Value	*Percent of Market Value*
Cash	$ 1,315,235	1.52%
Fixed Income Securities	42,239,831	48.97
Short-term Investments	1,341,690	1.55
Common Stocks and Convertibles	40,765,641	47.26
Other	590,437	.70
TOTAL	$ 86,252,834	100.00%

The market value of the Foundation's investments on June 30, 1996, was $84,347,162 compared to $79,131,612 reported at June 30, 1995.

Total current fund income for the year ended June 30, 1996, was $5,478,836 compared to $5,072,626 in the previous year.

Current fund expenditures, financed partly by grants totaling $614,333, were $5,438,225. In 1994-95 they were $5,140,972, with grants financing $484,333.

The net realized gains on security transactions were $8,543,001 in 1995–96 and $3,859,785 during the previous year.

TEN-YEAR RECORD OF INCOME AND INVESTMENTS

MARKET VALUE ON JUNE 30

Fiscal Year Ended June 30	*Investment Income*	*Total Investments*	*Equities*	*Equities as a % of Total*
1996	$4,631,685	$84,347,162	$40,765,641	48.33%
1995	4,577,729	79,131,612	48,000,524	60.66
1994	4,300,336	71,267,785	41,748,172	58.58
1993	4,035,590	72,232,342	40,072,459	55.48
1992	3,805,711	64,864,874	35,351,687	54.50
1991	3,514,846	58,487,073	29,125,066	49.80
1990	3,521,056	55,258,680	25,487,878	46.12
1989	3,413,215	53,475,659	24,593,355	45.99
1988	2,678,838	49,083,130	21,834,152	44.48
1987	3,094,568	51,646,554	26,030,318	50.40

The Foundation's Board of Trustees is responsible for its investments. The Board and its Finance and Administration Committee believe this responsibility is discharged effectively by permitting outside investment counsel (J.P. Morgan Investment Management, Inc.) to buy, sell, invest, and reinvest for the account of the Foundation, subject to policies and guidelines determined in advance.

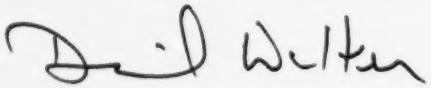
The trustees intend that the Foundation's investment policies be carried out in a manner consistent with social and ethical convictions prevailing in the educational community. In that spirit, the Finance and Administration committee and the treasurer's office devoted much attention during the past year to appropriate voting of proxies in corporations in which the Foundation's funds were invested.

Expenditures for widows' pensions in the course of the year amounted to $26,504.

The minimum widow's pension is $122 per month.

On June 30, 1996, there were 21 allowances and pensions in force, all to widows. At the end of the Foundation's previous fiscal year there were 24 allowances and pensions in force, all to widows. Since the payment of the first allowance in 1906, $87,334,716 has been paid for these purposes.

The Foundation's financial statements and the report of KPMG Peat Marwick appear in the following pages.



DAVID WALTER
Treasurer

TOTAL EXPENDITURES IN RETIRING ALLOWANCES AND WIDOWS' PENSIONS

Specified Institutions	*1995–96*	*Total*
California, University of	$ 2,976.00	$ 3,397,799.77
Carleton College	2,952.00	517,585.67
Carnegie Mellon University	1,464.00	680,368.04
Columbia University	394.39	6,110,642.63
Cornell University	1,220.00	4,453,927.95
Harvard University	5,880.00	5,960,268.74
Massachusetts Institute of Technology	2,928.00	2,317,973.43
Missouri, University of	1,488.00	1,430,834.90
Pennsylvania, University of	1,421.23	3,043,212.68
Princeton University	1,476.00	2,302,780.90
Purdue University	1,488.00	1,060,905.40
Williams College	353.89	881,617.75
Wisconsin, University of	1,488.00	2,940,635.34
Yale University	1,464.00	4,397,315.29
Specified institutions with no remaining participants	——	44,553,470.50
TOTALS	26,993.51	84,049,338.99
Nonspecified institutions	——	3,311,830.39
GRAND TOTALS	$26,993.51	$87,361,169.38

INDEPENDENT AUDITORS' REPORT

THE BOARD OF TRUSTEES
THE CARNEGIE FOUNDATION FOR THE
ADVANCEMENT OF TEACHING:

We have audited the accompanying statement of financial position of The Carnegie Foundation for the Advancement of Teaching as of June 30, 1996, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Carnegie Foundation for the Advancement of Teaching as of June 30, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in notes 1 and 2 to the financial statements, the Foundation adopted the provisions of Financial Accounting Standards Board's Statements of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made," No. 117, "Financial Statements of Not-for-Profit Organizations," and No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1996.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included

in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG Peat Marwick LLP

October 18, 1996,
except as to note 7 which is as
of November 11, 1996

KPMG PEAT MARWICK LLP

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THE CARNEGIE FOUNDATION
FOR THE ADVANCEMENT OF TEACHING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 1996

Assets

Cash	$ 1,315,235
Investments, at market (note 2)	84,347,162
Furniture and equipment at cost, less accumulated depreciation of $790,283	431,161
Leasehold improvements, less accumulated amortization of $1,047,410	135,209
Other assets	24,067
TOTAL ASSETS	$ 86,252,834

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	2,938
Net assets:	
Unrestricted:	
Board designated	67,917,583
Net unrealized gains on investments	3,572,142
Reserve for relocation costs (note 7)	2,000,000
Investment in fixed assets	566,370
TOTAL UNRESTRICTED	74,056,095
Temporarily restricted (note 6)	387,167
Permanently restricted (note 6)	11,806,634
TOTAL NET ASSETS	86,249,896
TOTAL LIABILITIES AND NET ASSETS	$ 86,252,834

See accompanying notes to financial statements.

THE CARNEGIE FOUNDATION
FOR THE ADVANCEMENT OF TEACHING

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 1996

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Revenue, gains and other support:				
Interest and dividends	$ 3,204,001	—	—	3,204,001
Net realized and unrealized gains on investments	7,440,757	—	—	7,440,757
Contributions	—	801,500	—	801,500
Publication and royalty income	198,749	—	—	198,749
Other revenue	34,069	—	—	34,069
Net assets released from restrictions	614,333	(614,333)	—	—
TOTAL REVENUE, GAINS AND OTHER SUPPORT	11,491,909	187,167	—	11,679,076
Expenses:				
Program—educational and research	4,314,689	—	—	4,314,689
Administration, including allowances and pensions of $26,504	1,123,536	—	—	1,123,536
Investment expenses	457,805	—	—	457,805
TOTAL EXPENSES	5,896,030	—	—	5,896,030
Increase in net assets	5,595,879	187,167	—	5,783,046
Net assets as of beginning of year, as restated (note 5)	68,460,216	200,000	11,806,634	80,466,850
Net assets as of end of year	$ 74,056,095	387,167	11,806,634	86,249,896

See accompanying notes to financial statements.

THE CARNEGIE FOUNDATION
FOR THE ADVANCEMENT OF TEACHING

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 1996

Cash flows from operating activities:	
Increase in net assets	$ 5,783,046
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation expense	68,025
Amortization of leasehold improvements	124,290
Net realized and unrealized gains on investments	(7,440,757)
Decrease in other assets	227,739
Decrease in accounts payable and accrued expenses	(2,320)
NET CASH USED IN OPERATING ACTIVITIES	(1,239,977)
Cash flows from investing activities:	
Purchases of investments	(95,390,710)
Proceeds from sales of investments	97,615,917
Additions to furniture and equipment	(94,542)
Additions to leasehold improvements	(14,690)
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,115,975
Net increase in cash	875,998
Cash as of beginning of year	439,237
Cash as of end of year	$ 1,315,235

See accompanying notes to financial statements.

THE CARNEGIE FOUNDATION
FOR THE ADVANCEMENT OF TEACHING

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Carnegie Foundation for the Advancement of Teaching (the Foundation) was established to do and perform all things necessary to encourage, uphold and dignify the profession of teaching and to promote the cause of higher education.

The Foundation is an organization described under Section 501 (c) (3) of the Internal Revenue Code and is exempt from Federal income taxes under Section 501 (a) of the Code.

Financial statement presentation:

The Foundation adopted the provisions of Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 116 (SFAS 116), "Accounting for Contributions Received and Contributions Made," and Statement of Financial Accounting Standards No. 117 (SFAS 117), "Financial Statements of Not-for-Profit Organizations," in 1996.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of equity and transactions into three classes of net assets—permanently restricted, temporarily restricted, and unrestricted—as follows:

(continued)

- Permanently restricted net assets—net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The donor of these assets permitted the Foundation to use all of the income earned on related investments for general purposes.
- Temporarily restricted net assets—net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or by the passage of time.
- Unrestricted net assets—net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets are reported as net assets released from restrictions.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Furniture and equipment:

Furniture and equipment are recorded at cost and depreciated on the straight-line basis over ten years.

Leasehold improvements:

Leasehold improvements are recorded at cost and amortized on a straight-line basis over the remaining term of the lease. The improvements represent the cost of refurbishing the Foundation's headquarters.

(continued)

2 INVESTMENTS

The Foundation adopted the provisions of Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 124 (SFAS 124), "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 1996. This Statement requires that investments in all fixed income securities and marketable equity securities be reported at their market value. The Foundation elected to adopt the provisions of this Statement retroactively. Accordingly, the net asset balance as of June 30, 1995 has been increased by $5,132,191 to reflect this change in accounting. The cost and market value by investment type is as follows as of June 30, 1996:

	Cost	*Market Value*
Common stocks	$ 37,191,953	40,765,641
Fixed income	42,280,394	42,239,831
Short-term investments	1,302,673	1,341,690
	$ 80,775,020	84,347,162

3 EMPLOYEE PENSION PLAN

The Foundation has a non-contributory defined contribution pension plan covering all full-time employees. The Foundation contributes at rates of 15% to 20% of employee compensation. The plan benefits are funded through the purchase of individual annuity policies. The cost of the funding is charged to expense as incurred and there is no unfunded liability for past services. The expense for the year ended June 30, 1996 was $279,804.

(continued)

4 COMMITMENTS

The Foundation leases office space under operating lease arrangements expiring at various dates through 1998. Rent expense for the year ended June 30, 1996 was approximately $133,000. The minimum annual rental commitments as of June 30, 1996 are as follows:

Year ending June 30,	*Amount*
1997	$ 85,806
1998	49,423
	$135,229

5 NET ASSETS AS OF BEGINNING OF YEAR

As a result of the adoption of SFAS 116, 117, and 124, the Foundation has restated its June 30, 1995 fund balances and recorded other adjustments as follows:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Current funds—unrestricted	$ 888,159	—	—	888,159
Quasi-endowment funds—unrestricted	2,423,017	—	—	2,423,017
Endowment funds:				
Nonexpendable	—	—	11,806,634	11,806,634
Expendable	60,016,849	—	—	60,016,849
Deferred support from grants	—	200,000	—	200,000
Market value adjustment of investments (note 2)	5,132,191	—	—	5,132,191
	$ 68,460,216	200,000	11,806,634	80,466,850

(continued)

6 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Permanently restricted net assets consist of an endowment gift from Andrew Carnegie who, by the terms of the conveying instruments, stipulated that the principal may never be expended. The Foundation's policy is to use gains, interest, and dividends for its operating purposes.

Temporarily restricted net assets consist of the following as of June 30, 1996:

Unexpended grant revenues available for:	
Network of Basic Schools Program	$ 337,167
International seminar	50,000
	$ 387,167

Net assets released from restrictions of $614,333 related to amounts expended for the Network of Basic Schools Program.

7 SUBSEQUENT EVENT

As of November 11, 1996, the Foundation's Board of Trustees elected to relocate the Foundation's headquarters from New Jersey to California. Management estimates costs of relocating the Foundation's headquarters to be approximately $2,000,000. Such costs include moving expenses, write-off and disposals of leasehold improvements, furniture and equipment, costs of severance and other relocation costs.

THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING

SCHEDULE OF FUNCTIONAL EXPENSES

SCHEDULE 1

YEAR ENDED JUNE 30, 1996

	PROGRAMS			
	Educational and General	*Administration*	*Investments*	*Total Expenses*
Salaries and employees' benefits	$ 2,362,921	587,288	108,022	3,058,231
Retiring allowances and widows' pensions	—	26,504	—	26,504
Studies and project payments	271,983	17,700	—	289,683
Books and publications expense	490,461	286	—	490,747
Trustee meetings, conferences and other Foundation expenses	142,798	107,538	—	250,336
Rent	71,490	61,575	—	133,065
Travel	345,750	26,850	—	372,600
Legal, accounting and investment services	20,564	20,563	349,783	390,910
Services, supplies, equipment, depreciation and amortization	173,694	153,984	—	327,678
Postage, telephone and shipping	44,619	44,618	—	89,237
Computer services	9,696	—	—	9,696
Consultants	275,636	22,916	—	298,552
Car expense	4,544	4,543	—	9,087
Miscellaneous	100,533	49,171	—	149,704
	$ 4,314,689	1,123,536	457,805	5,896,030

THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING

SCHEDULE OF EDUCATIONAL AND RESEARCH EXPENSES

SCHEDULE 2

YEAR ENDED JUNE 30, 1996

	Data and Trends	*Basic School*	*Medical Education*	*Scholarship Assessed*	*Gallup Survey*	*Tribal College*	*School Reform*
Salaries and employees' benefits	$ 171,987	86,986	54,816	84,223	90,725	—	185,925
Studies and project payments	—	—	—	13,933	—	15,000	—
Books and publications expense	—	—	—	—	—	—	—
Trustee meetings, conferences and other Foundation expenses	—	—	258	—	—	—	—
Rent	—	—	—	—	—	—	—
Travel	413	6,084	2,053	3,758	—	—	1,678
Legal, accounting and investment services	—	—	—	—	—	—	—
Services, supplies, equipment, depreciation and amortization	38	—	—	—	—	—	—
Postage, telephone and shipping	—	—	—	—	—	—	—
Computer services	3,158	—	—	—	—	—	—
Consultants	—	394	88,000	922	3,000	—	—
Car expenses	—	—	—	—	—	—	—
Miscellaneous	2,264	374	380	—	—	—	—
	$ 177,860	93,838	145,507	102,836	93,725	15,000	187,603

(continued)

THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING

SCHEDULE OF EDUCATIONAL AND RESEARCH EXPENSES

SCHEDULE 2, CONT.

	New American College	*China Trip*	*Restructuring High Schools*	*Basic School Center*	*Basic School Network*	*Media Relations*	*Outreach*
Salaries and employees' benefits	$ 7,162	29,237	55,631	323,918	100,393	213,973	61,479
Studies and project payments	—	—	—	—	200,350	—	—
Books and publications expense	—	—	—	114,246	13,677	5,851	—
Trustee meetings, conferences and other Foundation expenses	—	931	55	1,789	27,806	2,344	—
Rent	—	9,915	—	—	—	—	—
Travel	2,155	105,203	11,562	1,624	140,407	11,428	17,923
Legal, accounting and investment services	—	—	—	—	—	—	—
Services, supplies, equipment, depreciation and amortization	—	—	—	2,409	3,405	13,085	—
Postage, telephone and shipping	—	—	—	—	—	—	—
Computer services	—	—	—	—	—	—	—
Consultants	—	92,500	—	10,530	57,374	—	—
Car expenses	—	—	—	—	—	—	—
Miscellaneous	—	5,321	—	581	6,662	8,663	—
	$ 9,317	243,107	67,248	455,097	550,074	255,344	79,402

(continued)

THE CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING

SCHEDULE OF EDUCATIONAL AND RESEARCH EXPENSES

SCHEDULE 2, CONT.

YEAR ENDED JUNE 30, 1996

	Information Services	*Publication*	*National Committee on Undergraduate Education in the University*	*School Reform England*	*Survey of Research*	*Other Projects*	*Totals*
Salaries and employees' benefits	$ 120,208	95,992	53,937	—	—	626,329	2,362,921
Studies and project payments	—	—	—	—	25,000	17,700	271,983
Books and publications expense	36,670	319,730	—	—	—	287	490,461
Trustee meetings, conferences and other Foundation expenses	1,184	893	—	—	—	107,538	142,798
Rent	—	—	—	—	—	61,575	71,490
Travel	2,325	2,580	7,021	—	—	29,536	345,750
Legal, accounting and investment services	—	—	—	—	—	20,564	20,564
Services, supplies, equipment, depreciation and amortization	—	773	—	—	—	153,984	173,694
Postage, telephone and shipping	—	—	—	—	—	44,619	44,619
Computer services	6,538	—	—	—	—	—	9,696
Consultants	—	—	—	—	—	22,916	275,636
Car expenses	—	—	—	—	—	4,544	4,544
Miscellaneous	116	—	—	27,000	—	49,172	100,533
	$ 167,041	419,968	60,958	27,000	25,000	1,138,764	4,314,689

THE CARNEGIE FOUNDATION
FOR THE ADVANCEMENT OF TEACHING

SCHEDULE OF INVESTMENTS

SCHEDULE 3
JUNE 30, 1996

	Shares	*Cost*	*Market Value*
COMMON STOCKS:			
Adobe Systems Inc.	4,800	$ 165,068	172,200
Advanced Micro-Devices Inc.	10,900	208,114	148,513
Aetna Life & Casualty Co.	5,000	380,761	357,500
Albemarle Corp.	700	13,524	12,775
Allegheny Ludlum Corp.	4,400	82,495	83,050
Allied Signal Inc.	7,400	217,355	422,725
Aluminum Co. of America	6,100	289,169	349,988
Alza Corp. A.	20,400	525,282	558,450
Ambac, Inc.	10,700	419,757	557,737
American Home Products	3,400	202,240	204,425
Anadarko Petroleum	7,600	368,418	440,800
AT&T Corp.	9,300	501,206	576,600
Autodesk Inc.	4,800	176,214	143,400
BankAmerica Corp.	5,000	237,679	378,750
Bausch and Lomb Inc.	16,300	594,829	692,750
Boeing Co.	7,800	625,501	679,575
Broderbund Software Inc.	4,700	206,121	151,575
Circuit City Store Inc.	13,600	426,741	491,300
Colgate Polmolive Co.	6,700	460,024	567,825
Coltec Industries Inc.	26,600	508,781	379,050

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(continued)

	Shares	*Cost*	*Market Value*
COMMON STOCKS, CONT.:			
Columbia/HCA Healthcare	14,000	$ 599,413	747,250
Consolidated Freightways Inc.	15,900	386,609	335,888
Cooper Cameron Corp.	8,680	169,389	379,750
Cooper Industries Inc.	14,000	559,221	581,000
Cooper Tire & Rubber Co.	23,000	544,970	511,750
CPC International Inc.	4,400	308,817	316,800
Dean Witter Discover & Co.	6,800	328,316	389,300
Diamond Shamrock	12,700	332,824	366,712
E.I. Dupont DeNemours & Co.	10,100	669,165	799,162
EMC Corp. Mass.	23,200	449,272	432,100
Entergy Corp New	5,900	146,421	167,413
Exxon Corp.	7,200	617,907	625,500
First Hawaiian Inc.	3,800	107,866	108,300
First Union Corp.	6,100	296,717	371,338
Firstar Corp.	8,600	306,823	396,675
Fleet Financial Group	15,100	554,162	656,850
Forest Laboratories Inc.	9,100	413,445	351,487
Fruit of the Loom Inc.	18,200	471,341	464,100
General Electric Co.	9,300	717,788	804,450
General Instr. Corp. NE	17,600	475,128	508,200
General Motors Corp.	11,800	487,799	618,025
Gensia Pharmaceutical Inc.	15,043	329,574	76,148
GTE Corp.	9,900	432,955	443,025
Harris Corp.	5,900	291,203	359,900
Hewlett Packard Co.	4,200	331,399	418,425
Humana Inc.	28,900	617,572	516,587
Inlinova Corp.	4,900	127,760	140,875
International Flavors & Fragrances, Inc.	7,400	357,149	352,425

(continued)

	Shares	*Cost*	*Market Value*
COMMON STOCKS, CONT.:			
International Game Tec	25,100	$ 426,068	423,563
Johnson Controls Inc.	2,600	190,622	180,700
Kellogg Co.	600	43,202	43,950
Limited Inc.	20,200	371,757	434,300
Magnetek Inc.	11,300	197,599	108,762
MCI Communications Corp.	11,000	246,605	281,875
Melville Corp.	9,600	400,192	388,800
Motorola Inc.	4,500	311,621	282,937
Nabisco Holdings Corp.	4,400	118,313	155,650
Nationsbank Corp.	10,400	548,674	859,300
Pacific Gas and Electric Co.	18,600	428,990	432,450
Pepsico Inc.	15,400	327,934	544,775
Perkin Elmer Corp.	7,800	415,037	376,350
Pfizer Inc.	6,100	454,619	435,387
Pinnacle West Capital Corp.	6,400	186,514	194,400
Procter & Gamble Co.	9,100	653,846	824,687
Providian Corp.	17,100	562,116	733,163
Quantum Corp.	19,500	356,754	285,187
Ralston Purina Corp.	10,000	640,267	641,250
Repsol SA A/D/R	12,200	336,507	423,950
Reynolds Metals Co.	3,900	190,317	203,288
Rohr Inc.	10,700	119,828	223,363
Royal Dutch Petroleum	4,200	543,325	645,750
Softkey International Inc.	9,500	235,014	179,901
Southern Co.	700	15,967	17,238
Standard Federal Bancorp	9,700	386,676	373,450
Sun Inc.	19,200	543,484	583,200
Tele Communications Inc.	48,900	841,956	886,312
Teledyne Inc.	25,800	916,703	932,025

(continued)

	Shares	*Cost*	*Market Value*
COMMON STOCKS, CONT.:			
Texaco Inc.	4,800	$ 322,688	402,600
Therapeutic Discovery Corp.	1,290	7,805	12,094
Time Warner Inc.	16,800	672,874	659,400
Toys R Us	23,700	537,485	675,450
Turner Broadcasting Inc.	6,900	189,497	189,750
Tyco International LTD	15,000	384,508	611,250
Union Carbide Corp.	21,000	740,089	834,750
Union Pacific Corp.	14,100	793,798	985,237
USG Corp.	18,300	501,897	510,113
US West Inc.	14,000	359,895	446,250
Viacom Inc.	4,900	200,709	190,488
Wal Mart Stores	33,500	795,029	850,063
Warner-Lambert Co.	11,700	626,668	643,500
Wellman Inc.	18,500	516,925	432,437
Western Resources	10,700	345,190	319,662
WMX Technologies Inc.	25,200	763,598	825,300
WTS-Alza Corp.	1,290	—	161
W W Grainger Inc.	6,100	382,507	472,750
TOTAL COMMON STOCKS		$37,191,953	40,765,641

(continued)

	Par Value	Cost	Market Value
FIXED INCOME:			
Abbey National First Capital			
8.2%, October 15, 2004	$ 400,000	390,568	422,572
American Home Products			
7.9%, February 15, 2005	300,000	321,408	313,704
Associates Corp.			
7.3%, March 15, 1998	1,000,000	1,000,270	1,014,830
Carnegie Bank			
CD, 6.18%, December 7, 1996	600,000	600,000	600,000
Chevy Chase Auto Receivables Trust			
6.0%, December 15, 2001	384,934	384,814	384,213
Churchill Falls Labrador Corp. Ltd.			
1st mortgage, 7.75%,			
December 15, 2007	71,000	71,000	71,141
Columbia Gas System			
7.62%, November 28, 2025	300,000	288,882	282,051
Commonwealth Edison Co.,			
1st mortgage, 6.5%, April 15, 2000	500,000	465,680	484,150
Federal Express Lease			
10.75%, May 1, 2009	358,952	358,952	372,176
FHA			
Pool No. 23, 7.43%,			
December 1, 2021	1,281,697	1,199,501	1,275,288
FHLMC			
Ser 1543 VK, 6.7%,			
January 15, 2023	500,000	435,781	480,859
First Chicago Corp.			
6.875%, June 15, 2003	500,000	462,570	492,145

(continued)

	Par Value	*Cost*	*Market Value*
FIXED INCOME, CONT.:			
First Union Corp.			
9.89%, March 13, 2001	$ 500,000	498,760	557,885
First Union Corp.			
6.875%, September 15, 2005	950,000	978,329	917,120
Fleet Financial Group			
7.125%, May 1, 2000	400,000	397,110	403,288
GMAC MTN Med Term Note			
7.3%, February 2, 1998	500,000	510,790	507,755
Greentree Mortgage Acceptance Corp.			
Ser. 94-A, 6.9%, February 15, 2004	297,406	297,267	294,339
KMart Fing I			
7.75%	5,200	260,000	282,100
Northern States Power			
7.125%, July 1, 2025	345,000	341,785	329,506
Occidental Petroleum Corp.			
9.75%, June 15, 2001	500,000	546,775	555,915
Pacific Bell Telephone Co.			
7.125%, March 15, 2026	350,000	327,677	330,617
Premier Auto Trust			
6%, October 6, 1999	1,000,000	993,438	994,062
Province of Nova Scotia			
9.25%, March 1, 2020	300,000	336,831	348,045
Province of Quebec			
7.5%, July 15, 2023	500,000	431,460	478,530
Prudential Home Mortgage			
93-54 A-2, 6.5%, January 25, 2024	1,052,706	1,045,469	1,049,909
Quebec Province Canada			
9.125%, March 1, 2000	575,000	626,117	616,078

(continued)

	Par Value	*Cost*	*Market Value*
FIXED INCOME, CONT.:			
Sea Land Series Inc Obl, 10.0%, June 15, 2006	$ 65,859	65,859	72,883
Sea Land Series Inc Obl, 10.0%, June 15, 2008	389,175	389,175	432,806
U.S. Treasury Bonds:			
8.125%, August 15, 2019	2,720,000	2,855,497	3,053,200
8.5%, February 15, 2020	7,235,000	8,530,309	8,436,661
10.375%, November 15, 2012	2,408,000	3,313,933	3,057,028
7.875%, August 15, 2001	1,291,000	1,434,340	1,367,647
U.S. Treasury Notes:			
7.375%, November 15, 1997	1,312,000	1,352,269	1,335,367
5.125%, December 31, 1998	300,000	296,016	292,452
6.50%, May 15, 2005	460,000	454,538	453,960
6.375%, August 15, 2002	3,940,000	4,074,206	3,908,598
6.750%, June 30, 1999	2,010,000	1,981,420	2,033,236
7.250%, August 15, 2004	555,000	535,370	574,858
8.75%, August 15, 2000	368,000	402,845	398,533
7.25%, May 15, 2004	430,000	466,886	445,519
7.75%, January 31, 2000	209,000	225,818	217,849
9.125%, May 15, 1999	660,000	737,679	707,956
Undivided interest in demand notes:			
Associates Corp. of America	82,000	82,000	82,000
Cadbury Beverages Inc.	1,089,000	1,089,000	1,089,000
Nordstrom Credit Inc.	205,000	205,000	205,000
Sara Lee Corp.	217,000	217,000	217,000
TOTAL FIXED INCOME	$39,417,929	42,280,394	42,239,831

(continued)

	Cost	*Market Value*
SHORT-TERM INVESTMENTS:		
Summit Bank Short-Term Investment Management Account	$ 1,302,673	1,341,690
SUMMARY:		
Common stocks	37,191,953	40,765,641
Fixed income	42,280,394	42,239,831
Short-term investments	1,302,673	1,341,690
TOTAL INVESTMENTS	$ 80,775,020	84,347,162

THE CARNEGIE PHILANTHROPIES

ANDREW CARNEGIE set out to give away $300 million. He gave away $311 million. Gifts to hundreds of communities in the English-speaking world helped to make his idea of the free public library as the people's university a reality. In all, 2,509 libraries were built with Carnegie funds. His endowment of the Carnegie Institute in Pittsburgh brought important educational and cultural benefits to the community in which he had made his fortune. From experience, he knew the importance of science applied to commerce and industry, and he provided for technical training through the Carnegie Institute of Technology. By establishing the Carnegie Institution of Washington, he helped to stimulate the growth of knowledge by providing facilities for basic research in science.

Mr. Carnegie set up the Carnegie Trust for Universities in Scotland to assist needy students and to promote research in science, medicine, and the humanities. For the betterment of social conditions in his native town of Dunfermline, Scotland, he set up the Dunfermline Trust. To improve the well-being of the people of Great Britain and Ireland, he established the Carnegie United Kingdom Trust.

In the United States, he created The Carnegie Foundation for the Advancement of Teaching primarily as a pension fund for college teachers, but also to promote the cause of higher education. To work for the abolition of war, he created the Carnegie Endowment for International Peace. And to recognize heroism in the peaceful walks of life as being as worthy as valor in battle, he created funds in the United States, the United Kingdom, and nine European

countries to make awards for acts of heroism. In contributing to the construction of the Peace Palace at the Hague, the Pan American Union building (now the Organization of American States building) in Washington, D.C., and the Central American Court of Justice in Costa Rica, he further expressed his belief in arbitration and conciliation as substitutes for war.

In 1911, having worked steadily at his task of giving away one of the world's great fortunes, Mr. Carnegie created the Carnegie Corporation of New York, a separate foundation as large as all of his other trusts combined, to carry on his spirit and system of giving.

Each of the Carnegie agencies has its own funds and trustees, and each is independently managed.

COMPLIANCE NOTE

THE FOLLOWING STATEMENTS are set forth in accordance with section 6033 of the United States Internal Revenue Code, pursuant to which this annual report has been prepared.

The Carnegie Foundation for the Advancement of Teaching (Employer Identification No. 13-1623924) is a private operating foundation within the meaning of section 509(a) and 4942(j)(3) of the Internal Revenue Code. The principal officer of the Foundation is its interim president, Charles E. Glassick.

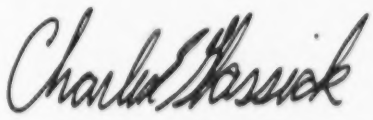
Pursuant to section 4 of its Charter, the principal office of the Foundation is located at 1755 Massachusetts Avenue, NW, Washington, D.C. 20036. A primary office is maintained at 5 Ivy Lane, Princeton, New Jersey 08540.

The names and respective business addresses of the "foundation managers" of the Foundation are set forth on pages five through nine of this annual report.

No person who is a "foundation manager" with respect to the Foundation has made any contribution to the Foundation in any taxable year.

At no time during the year did the Foundation (together with other "disqualified persons") knowingly own more than 2% of the stock of any corporation or corresponding interests in partnerships or other entities. The Foundation does not have and has never held "excess business holdings" in any business enterprise.

Pursuant to section 6104(d) of the Internal Revenue Code, a notice has been published that this annual report is available for public inspection at the Washington and Princeton offices of the Foundation. Copies of this annual report have been furnished to the appropriate officials in Washington, D.C.



CHARLES E. GLASSICK